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1 June 1982

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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CONTENTS

CZECHOSLOVAKIA

Briefs

Small Breeders Increase Production 1

HUNGARY

National Bank Publishes 1981 Balance Sheet, Income Statement
(FIGYELO, 5 May 82) 2

POLAND

Impact of Economic Reform on Populace Considered
(TRYBUNA LUDU, various dates) 5

Wage Reform Reviewed
Social Acceptance of Reform, by Ryszard Bilski

Interview With Minister for Economic Reform Published
(Wladyslaw Baka Interview; TRYBUNA LUDU, 20 Apr 82).. 8

High Level of Mining, Energy Production Reported
(TRYBUNA LUDU, 3 May 82) 15

Status of Sulfur Exports Clarified
(Editorial; ZYCIE GOSPODARCZE, 18 Apr 82) 17

YUGOSLAVIA

West German Comment on Gligorov Article on Economy
(Heiko Flottau; SUEDEDEUTSCHE ZEITUNG, 11 May 82) 21

Electric Power Situation in Croatia, Other Republics
(Salih Zvizdic; VJESNIK, Apr 82) 24

CZECHOSLOVAKIA

BRIEFS

SMALL BREEDERS INCREASE PRODUCTION--Members of the Slovak Small Breeders Union delivered to the market during the first quarter of 1982 3,212 head of cattle; 1,874 hogs and 2,820 sheep. Compared with the same period of last year this marks an increase of 1,129 head of cattle; 1,161 hogs and 1,192 sheep.
[Bratislava SMENA in Slovak 14 May 82 p 9]

CSO: 2400/241

HUNGARY

NATIONAL BANK PUBLISHES 1981 BALANCE SHEET, INCOME STATEMENT

Budapest FIGYELO in Hungarian 5 May 82 p 9

[Summary] The annual general meeting of the National Bank of Hungary took place on 27 April. Bank president Matyas Timar presented the bank's 31 December 1981 balance sheet and 1981 income statement. [See Tables 1 and 2]

Among the assets, the stock of gold and foreign currency [see asset item no 1 in Table 1] declined compared to the previous year, and extended loans of all categories grew more slowly in 1981 than in 1980. The bank's profits grew by 0.7 billion forints due to increased difference between interests received and paid.

In 1981, the Bank's activities in the international arena became more difficult as a result of unfavorable conditions on capitalist money markets. Interest rates reached extraordinarily high levels. Despite this, the bank continued to mobilize foreign resources in the service of export expansion. A loan of \$150 million was obtained from banks in the Arab world and, in the first half of 1981, an agreement for the syndication of a \$400 million loan with American, Japanese and West-German banks was reached. Loans from CEMA's credit facilities, the Bank of International Cooperation and the International Investment Bank, were available at favorable terms.

The general meeting unanimously approved the increase of reserves by 1 billion forints, raising their level to Ft 4.4 billion in 1982.

Table 1. Consolidated Balance Sheet of the Hungarian National Bank on
31 December 1981

| <u>Assets</u> | | Million forints |
|---|---------------|--------------------|
| 1. Gold, foreign currency, foreign currency denominated liquid commercial papers and cash items | | 65 106 |
| 2. Loans | | |
| a. Medium- and long-term | | |
| Financial institutions | 162 190 | |
| Enterprises | 189 474 | |
| State budget | <u>26 698</u> | |
| | | 378 362 |
| b. Short-term (12 months) | | |
| Financial institutions | 24 767 | |
| Enterprises | 103 867 | |
| State budget | <u>313</u> | |
| | | 128 947 |
| 3. Miscellaneous assets | | <u>27 301</u> |
| 4. TOTAL | | <u>599 716</u> |
| <u>Liabilities and Capital Accounts</u> | | |
| 1. Capital account | | 6 000 |
| 2. Reserves | | 3 364 |
| 3. Deposits and other liabilities | | |
| a. Time deposits | | |
| Financial institutions | 225 233 | |
| Enterprises | 90 944 | |
| State budget | <u>1 834</u> | |
| | | 318 011 |
| b. Demand deposits | | |
| Financial institutions | 84 710 | |
| Enterprises | 70 023 | |
| State budget | 5 960 | |
| Other | <u>10 509</u> | |
| | | 171 202 |
| 4. Coins and currency | | 81 343 |
| 5. Miscellaneous liabilities | | 9 252 |
| 6. Profit | | <u>10 544</u> |
| 7. TOTAL | | <u>599 716</u> |

Table 2. Consolidated Income Statement of the Hungarian National Bank for 1981

| <u>Expenses</u> | <u>Million forints</u> |
|---|------------------------|
| 1. Costs of money management | 662 |
| 2. Interests paid | 37 871 |
| 3. Commissions paid | 547 |
| 4. Business and other expenses | 1 228 |
| 5. Total expenses | 40 308 |
| 6. PROFIT | 10 544 |
| 7. Total | 50 852 |
| | <hr/> |
| <u>Revenues</u> | |
| 1. Interests received | 45 303 |
| 2. Annuities and premiums received | 5 226 |
| 3. Cost indemnification and fees received | 244 |
| 4. Gold revenues | 79 |
| 5. Total | 50 852 |
| | <hr/> |

CSO: 2500/245

IMPACT OF ECONOMIC REFORM ON POPULACE CONSIDERED

Wage Reform Reviewed

AU071135 Warsaw TRYBUNA LUDU in Polish 5 May 82 pp 1-2

[AL report: "What Kind of Reform of Wages?--Statement by Jozef Bury, Vice Minister of Labor, Wages and Social Affairs"]

[Summary] "The faulty nature of the present systems of remuneration is obvious, Vice Minister Jozef Bury stated to PAP reporter Romana Kalecka. Wages have increased very rapidly in the past few months, but mainly in their variable part. The optimum share of the basic wage in the entire remuneration should amount in theory to 75-80 percent, but we have never attained to this ideal because basic wages have been augmented by various allowances, some of which have their roots in the prewar period. The present basic wage in industry accounts on the average for 48-49 percent of the entire remuneration and for just 30 percent in the case of some groups of workers doing piecework. Needless to assert that such proportions are economically and morally incorrect because the size of the basic wage is also an issue of prestige." In the recent period additional allowances such as length of service allowance, anniversary bonuses and other allowances have spread with increasing frequency.

The reform of the wage system is a very complicated task, but the draft resolution of the Council of Ministers in this regard should soon be discussed by the Economic Committee or the Government Presidium, J. Bury said, stressing that the draft resolution in no way undermines the principle that enterprises independently determine the size of the wage fund.

"We regard that resolution as the first stage of the reconstruction of the wage system--a stage that will create conditions for another, more profound reform, which should come into force at the beginning of 1983. The first change now proposed is to allow enterprises to draw up their own wage scales on the basis of the skeleton scales that provide for much higher wage grades--higher by about 45 percent on the average--than the present grades. This is no increase in wages: What we want to achieve is greater flexibility of the development of the internal structure of wages in enterprises. The other change is to increase the flexibility of performance grades. Enterprises would be able to increase the number of the present

grades from 9 to 11 and to reserve the highest two grades for the most efficient and best qualified workers who are barred from wage promotion under the present system."

During the second stage of the wage reform the principles of remuneration will be more generally reconstructed. The main issue will be to ensure that the basic wage accounts for 60-70 percent of the entire remuneration. The basic wage fund would include all present payments that compensate for price increases, and a number of other allowances.

"We propose that the basic elements of remuneration such as payments for various functions, piecework extras and bonuses paid for current tasks from the profits fund should continue to be calculated in relation to the basic wage. On the other hand, an entire multitude of other elements rooted in traditions and kept up for reasons of prestige should continue, but should be paid as lump sums equal for all workers." Such solutions would not put some workers at a disadvantage.

"The proposed system does not threaten drastic increases in the wage fund because increases in basic wages will not automatically involve, as is the case at present, increases in various allowances that are not directly connected with work. When examining the principle of the wage reform, we should always bear in mind that the point is a change in the internal construction of the systems of remuneration and not wage increases transmitted "from above" as at present. The rules of the economic game as laid down by the law on financing enterprises does not allow that."

As for the remuneration of nonproduction workers, the increases in such remuneration may be solved by the principle of automatic periodical increases in line with the rate of wage increases in production.

"All the aforementioned proposals are being examined by the government and will be worked out in greater detail. It is expected that they will be presented to the public consultations in mid-June, before being submitted to the SEJM."

Social Acceptance of Reform

AU101703 Warsaw TRYBUNA LUDU in Polish 8-9 May 82 p 6

[Report by Ryszard Bilski: "The Basic Condition: The Social Acceptance of the Reform"]

[Text] Current economic problems in the light of the new economic mechanisms which have been introduced and the tasks facing party cells and organizations resulting from the resolutions of the PZPR Central Committee eighth plenum were the subject of the 2-day (6 and 7 May) conference by economic secretaries and heads of the economic sections of party voivodship committees.

Stanislaw Gebala, head of the PZPR Central Committee's economic section, who led the talks, stressed the urgent need for all party cells and organizations to take up activities which would bring the main points, aims and

mechanisms of the economic reform nearer to the people and in this way would make the economic reform be socially accepted. This is a basic condition for the success of the reform.

At the end of the talks, Marian Wozniak, Politburo candidate member and PZPR Central Committee secretary, made a speech. Here are the main points of it:

The social and negative effects of the reforms which have been introduced are being pinpointed. Further activity will be undertaken to minimize their burden especially on people with the lowest earnings;

All forces, resources, qualifications and knowledge must be directed today toward enterprises. For that is where economic reform is being made into reality.

Economic cooperation with the socialist countries and mainly with the Soviet Union is helping our industry overcome its troubles with raw materials. This represents particularly important and effective aid for light industry, which produces such important goods as clothing and footwear.

CSO: 2600/605

INTERVIEW WITH MINISTER FOR ECONOMIC REFORM PUBLISHED

Warsaw TRYBUNA LUDU in Polish 20 Apr 82 pp 1, 3

[Interview with Prof Wladyslaw Baka, member of the Council of State and minister for economic reform, by Krzysztof Krauss: "Under Different Conditions but Consistently and Patiently"; date and place not given; passages enclosed in slantlines printed in boldface]

[Text] /The foundations of economic reform were laid under conditions different from those which accompany its initiation. During the time which has elapsed since the adoption of the concepts of changes within the management system there has been a further regress in our economy, a further decline in production, and a further deepening of disproportions. Concerning the problems which have resulted from this we talked with Prof Wladyslaw Baka, member of the Council of State and minister for economic reform./

The economic and sociopolitical conditions under which the conceptual foundations of the economic reform were laid were substantially different from those with which we have to deal at present. But, above all, those who took part in the work of the Commission on Matters of Economic Reform had to come to terms with the fact that the crisis is continuing and that it will become even more severe; that, in other words, this must be a reform whose start-up occurs in a situation of structural equilibrium and tensions, of a lowering of the economy's productivity and a decline in the living standard; /that, despite this, it must responsibly provide for temporary solutions, and the most important thing is that these must be constructed in such a way as to speed up to the maximum amount possible the emergence from the crisis, and that this may become an active factor in breaking up the crisis./

[Question] /But at that time nobody foresaw such a large accumulation of economic, social, and political tensions..../

[Answer] That is true. The establishment of understandings with the coastal area, as well as the initial declarations of the new, trade-union movement, did not in the least indicate the fact that the country would be rocked by a wave of destructive strikes, that institutions of work would become the sites of a sharp political struggle, that, as a result of these and other factors

(the imposed reduction in work hours, which was unprepared for, etc.), that a decline of several percentage points would occur in production and national income. It was not foreseen that the United States and some of the regimes allied with it would decide to restrict credits and attempt an economic boycott of our country. /In that sense, it can be said that the conditions under which we must implement the economic reform are worse and more difficult than could have been anticipated. In my judgment, however, it cannot be asserted that this is a qualitative difference. Only the scale of the difficulties increased, not their nature, at least in an economic sense..../

Factor of Stabilization

[Question] /The introduction of martial law interrupted the process of the country's grinding down toward catastrophe; it blocked the road to anarchy and, at the same time, created qualitatively different conditions for reform..../

[Answer] /The martial law is a consequence of the development of the political situation. In creating the concept of the reform we established as a fundamental the fact that it would become a factor in speeding up the process of renewal, consolidating society. Our political adversaries, however, have forced the imposition of another level./ The evolution of the attitude of the leading core elements of the Solidarity Independent Self-Governing Trade Union [NSZZ] toward the ideas of the reform may be characterized as follows: from a well-disposed interest and even support of the reform, through a "wait-and-see" phase, lack of interest, and even acting from the viewpoint of a "competitive," anarcho-syndicalist concept, which already has a well-expressed political nature. In the final phase, closely linked with the anti-socialist struggle for power undertaken by means of force, it called for a boycott of the reform, for sabotaging it, and even active opposition to it.

/Martial law returned conditions to the point where one could begin the reform./ Our economy reminds one of a seriously ill organism which requires a long-term cure. This organism, as a result of the well-known actions of the antisocialist opposition and its political aspirations, has been attacked by an acute fever. No surgical operation could be undertaken or further treatment, as the reform was coming to represent, while the fever was so high. The martial law has eliminated, or at least significantly reduced the artificial excitement, thus lowering the temperature, and the cure of the economy could be begun. /In other words, on 13 December of last year the elementary premises were created for a genuine introduction of the economic reform./

[Question] /But let's turn our attention to the fact that, as a consequence of introducing the martial law, there was a suspension of the activity of the workers' self-governments, a socio-structural pillar of the reform. Does this not restrain the process of guiding it?/

[Answer] /The desire to carry through a profound, comprehensive reform is not only economic but also sociopolitical in its scope; it has been approved as never before in our country, continuously and as documented in life./ Suffice it to say that the basic documents creating the reform's legal guarantees were sent to the Sejm in unchanged form. It is precisely under the conditions of martial law that there has arisen the institutional insurance of the nature

and direction of changes throughout our entire economic and social life. Let me remind you of the following point: the charters on planning, banks, prices, the charters for the State Tribunal and the Constitutional Tribunal, the charters which have been prepared for the people's councils and territorial self-government, and the agricultural charters, all these acts are legally closely linked with the reform, for the reform is not an undertaking which affects the economic mechanisms in isolation....

/Only someone who is blind or who has an ill will could fail to see this link among activities concentrated and in time aiming at democratizing the structures of state, economic, and social life./ I think that the party organizations--and I am saying this as a party member--are confronted with great and unusually responsible tasks: to shatter still harmful myths and point out the truth. I regard this as an unusually important and responsible task, for on it depends the winning of social support for the reform. And without a social commitment and understanding the reform would be deprived of its foundation, its structural substance.

The creation and functioning of the self-governments have been suspended by the martial law--that is a fact. The martial law has also limited many other rights and civil liberties. Unfortunately, this is the price of the solutions which were imposed upon us by the development of the situation, by the attempt to involve the country in an open confrontation. /But one of the first and most important declarations of the Military Council of National Salvation (it was repeated by the premier in the Sejm) was the emphatic statement that there is no turning back from the principle of self-government as a basis for the new, systems-type solutions, both in the economy as well as in the entire social life./

And these are not just words. The government recently presented to the Sejm commission which is responsible for protecting the workers' self-government its opinion that self-government will gradually be implemented. It has fully adopted the position that during the martial law there can be no transgressions against the jurisdiction of the workers' self-government except that which is absolutely unavoidable.

/It is also obvious that in order for the self-government to be able to carry out its own functions, the foundations and agents of the self-government must fully and equally balance the cause which it serves along with the responsibilities which they have taken upon themselves./ The reform has still not yet crossed the threshold of the foundations everywhere. Starting up self-governments must, therefore, have recourse at least equally with the process of acquainting people with the problems of their own institutions under the reform conditions, as well as with the mechanisms of self-functioning and self-financing. Gradual stabilization is creating the conditions for adding this third "S" still during the period of martial law. On the other hand, the functioning of the self-governments in accordance with the charter is an essential factor in speeding up the process of stabilizing and normalizing the socio-political and economic situation.

First Results

[Question] /Enterprises are already, at least pro forma, self-functioning and self-financing. New, nondirected planning mechanisms have come into being. We also have a reform of producer and retail prices. Is it possible to speak already now about the effects of the reform: higher productivity, lower costs, and a better market?/

[Answer] /It would be naive to expect that in the course of 3 months--and, practically speaking, in less time than 3 months because the new mechanisms have been implemented gradually--the reform would produce such results as an increase in labor productivity, rationalization of an occupation, less materials-intensiveness, energy-intensiveness, and imports-intensiveness, improvement of quality, growth of exports, etc./

For such fundamental phenomena, comprising some of the actual goals of the reform, to manifest themselves requires not just a few months but scores of months, perhaps even several years. Everyone who has anything to do with the economy knows, on the other hand, how much effort and time it takes to complete structural changes in production, to alter technology, to finish working on the production organization itself, etc.

Despite the fact that in March of this year results were achieved which were significantly better than those of February, it would be far from the truth if I were to state that this is already a result of the reform. This was influenced by a cluster of extremely diverse factors, among which may be the first "glimmers" caused by the reform, but I truthfully do not know whether this was the most important factor. This is scarcely a preview of what we want to achieve and certainly still does not satisfy anyone--neither the society nor the organizers of the economy.

/I emphasize the need to keep things in a proper perspective in evaluating the results of the reform; we must get rid of any naive conviction that the reform, like some kind of sorcerer's magic wand, will change everything at once because several times in the past we have paid dearly for such impatience./ Attempts at reform in the past smashed up against, among other things, precisely this impatience. After a few months people asked: where are the effects? And because there were, as yet, no effects because there could not be any, particular mechanisms were changed, the reform was "reformed," so finally it was abandoned.

That reform which we are introducing must also be verified with the aid of specific effects. So it will be. Let's have a little patience, however.

What may be evaluated after such a brief period of time are the basic changes in the enterprise managements and work forces. Here, in my opinion, we have to deal with a very diversified and complicated matter. There are those who, in the face of the demands such as are presented by the reform to the organizers of the economy, fall into a panic: they throw up their hands and feet and speak about their isolation. But there are also organizers of the economy, enterprise managers (according to my estimate, they have become the

majority) who are beginning to find themselves within the reform. Cost effectiveness in the decisions and functions of enterprises is gradually becoming a real category. Enterprises have begun to conduct their accounting in an authentic manner. It has found expression, for example, in the administration of the coproduction associations. These cooperatives are getting rid of expensive units which fail to produce improved economic results and are replacing them with coproduction associations which possess good technical and economic sense. There is also cause for greater optimism in the fact that with increasing frequency and by nontraditional means institutions are achieving conservation of materials, e.g., by using great amounts of secondary materials, waste materials, etc.

It is a very important matter that we have a better adjustment of production to the actual demands of the economy. I am convinced that this year there will be a considerable increase in production for the needs of agriculture but a decrease in production serving investment, machinery, and tools without a specific consignee. Over a period of several years orders concerning this matter flowed from the government to the enterprises--from the Planning Commission, from resorts, and there were resolutions on this matter by the KS [Central Committee?], but the enterprises, as of old, continued to do what suited them. Are the changes in the basics such a little thing, as within 3 months the functioning of new mechanisms, created by means of the economic reform?

[Question] /But are there not grounds for apprehension that, if sufficiently liberal criteria are applied in evaluating the effects of the reform, then we will not perceive those errors which would weaken and distort its functioning? Because, after all, one cannot establish from on high that everything which takes place within the scope of the reform is a final and finished creation. In technology, where the designing of new structural components is subjected to considerably more exact theoretical verification than is the case in economics, a production series is always preceded by a prototype./

[Answer] Unfortunately, an economist does not have at his disposal the possibilities of laboratory tests, neither the creation of prototypes nor information series. /All the more carefully, therefore, must we keep track of what is being done with the theoretical fundamentals in life. Such is the government's approach to the matter./ For the first time we are treating the question of evaluating the specific results of the changes in the administrative mechanisms as an integral part of the process of implementing the reform. In short, the government is undertaking a decision in the matter of the system of a comprehensive evaluation of the implementation and results of the reform. We would like not only government organizations to take part in these evaluations but also scholars, independent experts, etc.

We would like from the very beginning to observe the basic principle that errors must be acknowledged--whether conceptual or already implemented--, to withdraw if necessary, and, if necessary, to change particular mechanisms, prescriptions, etc. Without retreating from the general principles as formulated in the fundamentals of the reform and in the Sejm laws, let us be open

to all initiatives which serve to improve the reform. We do not want to fall into doctrinairism, to transform the reform into a chapel to which one must go to pray....

Against Routine

[Question] /The reform, let us speak frankly, has many opponents. Most frequently mentioned is that group of people who are accustomed to the old, convenient methods of orders coming down from the central, ministerial administrations. And the employees of the dissolved associations are certainly not enthusiasts for the reform..../

[Answer] /The reform requires basic changes for hundreds of thousands, even millions of people. It is not true that a line of demarcation can be drawn--that the central administration is against the reform and, on the other side, is the entire rest of society, delighted with the reform. Within the central administration, in the management offices of the enterprises, and among the work forces there are those who are devoted to the reform body and soul; they are convinced of the need for it. And in those same social groups there are those who are hesitant as well as those who have finally decided to be opponents./

The reform is bringing about changes in people's positions--in the central administration, at the middle rungs of the administrative ladder, and directly at the production facilities. It is not just a question of "power" but of a place in the creative process. When there is a change in the production structure at the work place, many employees feel threatened by this. In the second place, the reform seems to be treated as important by those workers who have accepted its obligations, but this is not yet basic everywhere. The reform has been ordered to be enforced by law, but we still have not managed to get used to it. There has been a change in the hierarchy of values and the hierarchy of evaluations as to who is a good worker, who is a bad worker, manager, or specialist. It is, in the final analysis, a routine, schemes of thought which must be changed. It is not easy to give them up--whether in a ministerial bureau or at a machine. Under the reform conditions it has become impossible to work this way, to produce defective goods and to waste raw materials.

These old attitudes and habits must be changed. This is also taking shape, based on a genuine implementation of the reform. Unfortunately, attitudes regarding the reform do not always depend on subjective factors--either good or bad will. For some persons it is simply too difficult to be different. We must also bear in mind that we have not yet created in all areas the solutions which are capable of effectively replacing the old methods of operation. For example, the abolition of associations has led to a situation whereby many vital functions which they used to carry out have now been suspended in a kind of limbo (coordination of branch development, scientific and technical facilities, etc.). The reform summons to life a new world and demands that people find their own places in it. The unknown always arouses fear.

These are difficult matters, but they must be solved.

Social Consequences?

[Question] /First of all, we must convince society that the reform is in their interest. But this reform also entails social costs. For example, the increase in retail prices..../

[Answer] The reform demands a different structure of prices, a different approach to matters of rational trade, etc. This arouses disturbances in society. /But such a recently modish expression as the "social costs of the reform," in my opinion, is often based on a misunderstanding. Because why have prices been increased and the living standard lowered? Just because it is a reform? Or is it because we have proceeded to it at least a couple of years late? The increase in the general level of prices and the reduction in the standard of living is not a result of the reform but of the economic crisis, whose social consequences the reform has simply revealed./ The raising of prices results from the need to bear true witness, for the economy simply must be truthful if it is to be rationally grounded. That rise in prices which is taking place at present, bringing real demand closer to real supply, is the first step on the road to see to it that money becomes money and the market becomes a market. Probably everybody yearns for this, and this is what the reform is supposed to bring about.

The myths which I fear most deeply are those of profits in the mentality of society. People imagine, for example, that if the state sets prices on all goods, then in this manner it ensures social interests and a correspondingly high standard of living. So the state must be strong and must shield social groups which are in very difficult material positions. In such a way, however, that prices will remain stable on all goods. Prices must mirror the value of an item and its socially unavoidable costs. The level of satisfaction of demands depends not on the decisions of the state but on the magnitude and effectiveness of production. Without rational prices there will be no incentives to create that which are needed by society. There will be no incentives for reducing costs. The state can have some effect on certain well-defined areas of "consumption" (for example, culture, health, education, etc.), but let this be done with awareness, having a picture of the true costs. To all those who are now demanding that the state undertake the responsibility for the price level of each item of goods I answer as follows: one may have "official," "government" prices and not have any goods. It has already happened. This does not mean that the present system and principles for setting prices are set in stone. On the contrary, I am stating that they should be subjected to verification and improvement.

/Let me summarize as follows: we are now undergoing the costs of a crisis, a prolonged, irrational way of managing the economy, but not of the reform. We will not create any false ideas, for they make it hard for us to reach a situation whereby the economy can, at last, begin to serve the society truly well and effectively. That is a most important matter, and it is the goal of the reform./

2384

CSO: 2600/529

HIGH LEVEL OF MINING, ENERGY PRODUCTION REPORTED

AU061013 Warsaw TRYBUNA LUDU in Polish 3 May 82 p 2

[PAP report: "High Level of Production and Steady Work"]

[Text] The Ministry of Mining and Power Industry has said that in plants under the ministry's care production continues to run smoothly and is maintained at a high level.

During the first 4 months of this year, the extraction of pit coal amounted to 63.3 million tons. This is 8.1 million tons more than during the same period last year. The high level of extraction has made possible a better supply of coal to industry and private consumers, especially farmers, and an increase in exports. Some 8.7 million tons of coal have been assigned for export, which constitutes an increase of 4.8 million tons compared to the same period last year, in other words over twice as much as last year.

Over 12.8 million tons of coking coal have been extracted up to the end of April this year. This coal has been almost entirely assigned to power stations powered by this fuel.

The steady extraction of pit and coking coal makes power stations function well. This year, starting from the end of January, there will be no restrictions in the supply of electrical energy for industry and private consumers. Coal reserves in power stations at the end of April amount to 1.9 million tons, 850,000 tons more than at the end of April last year. The overhaul campaign which was started earlier is proceeding well. Up to now, blocks with a power of over 2,600 mw have been overhauled, while blocks with a combined power of 3,800 mw are being overhauled.

Crude oil and gas extraction is proceeding according to plan; however it is lower than last year because of the worsening conditions in extraction. Up to the end of April, over 2 billion cubic meters of gas were extracted from Polish deposits. Some 1.6 billion cubic meters of gas have been brought in from the Soviet Union in order to satisfy the needs of private consumers and industry.

Work on over 40 investment projects is continuing. This consists of building new pit-coal and coking coal mines and also energy blocks and transmission lines. On 30 April in the Lublin Basin, dog headings at a

level of 922 meters were connected and ventilation ducts between shafts in Bogdanka and Nadryb were created. In this way, the condition for commencing coal extraction at the Bogdanka mine in the final quarter of 1982 has been fulfilled.

Electrical machinery factories under the care of the Ministry of Mining and Power Industry are continuing to successfully fulfill their production plans. The electrical machine industry has exceeded its own tasks during the first 4 months of this year. The results achieved by the machine industry are largely due to successful ventures to combat imports. By means of cooperation between factories and the ministry's scientific and research establishments, the use of many products which had to be imported up to now has been eliminated; products such as pipes for the production of mechanized casings, scrapers for wall conveyors, and so on.

The present results are due to a huge effort by the work crews and successful work organization. The improvement in the supply of materials and equipment is also an important factor here, although other ministries' shortcomings in this area compared to the Ministry of Mining and Power Industry may cause anxiety.

CSO: 2600/604

STATUS OF SULFUR EXPORTS CLARIFIED

Warsaw ZYCIE GOSPODARCZE in Polish No 13, 18 Apr 82 p 13

[Letters to the editor with editorial commentary]

[Text] An article entitled "Gospodarka w lutym" [The Economy in February] appeared in issue No 9 of our paper for 21 March 1982 under the headline "Z materialow GUS" [From GUS Materials]. It was in connection with this article that we received two letters from parties directly concerned. The first letter, dated 25 March, was from the SIARKOPOL Sulfur Mines and Processing Plants in Tarnobrzeg, and the second letter was from the CIECH Chemical Products Import-Export Agency. Here are the texts of both letters:

In issue No 9 of ZYCIE GOSPODARCZE dated 21 March 1982 an article appeared entitled "The Economy in February" which, inter alia, criticized the performance of the sulfur industry so far this year. This is to advise you that this article has misinformed your readers and offended the employees of SIARKOPOL for the following reasons: [This article was published earlier in RZELZPOSPOLITA dated 15 Mar 1982 pp 1, 3 and published in JPRS 80732 No. 2266 5 May 1982 of this series pp 39-44.]

--according to the plan, sulfur output for this year is slated to increase by 104.1 percent in comparison with last year's output figures, and for this reason available production capacities and the funds appropriated for the operation of these capacities are being utilized to the fullest possible extent;

--sulfur export sales are the business of the CIECH foreign trade agency (under the jurisdiction of the Ministry of Foreign Trade) and it is responsible for setting all aspects of export sales policy. This jurisdictional setup does not protect the vital interests of the industry, and even though it is a result of the passage of the "Law on Mandates to Engage in Foreign Trade" we still maintain that the industry should be the beneficiary of the right to engage in this kind of business activity;

--sulfur stocks kept in enterprise storage areas have now reached a low point, amounting to only 130,000 tons, and when compared with the inventory level for 1 January 1982 they have dwindled by 100,000 tons. So, in spite of the

fact that the enterprise is still producing sulfur, almost half of its sulfur stocks have been hauled off. Not all of the sulfur hauled away from our enterprise has been sold; it is left sitting in warehouses in Gdansk and in foreign terminals, because CIECH failed to issue shipping orders when they were supposed to.

We have on numerous occasions asked CIECH to take a more energetic approach to its business by lodging protests with the minister of the chemical and light industries, the minister of foreign trade, and also the Economic Committee of the Council of Ministers.

Moreover, it should be pointed out that as a result of actions taken on our own initiative we have met all targets for export sales of sulfur to the CEMA countries, and the plan target set for the first 2 months of this year (150,000 tons) was overfulfilled by 32,000 tons. We have sent more sulfur to the socialist countries this year than during the same period last year, a fact that has been completely overlooked in press reports.

The 1982 operations program adopted by the enterprise is making it possible for us to show a profit, and this profit is being used to finance the enterprise's primary areas of business activity. This program also insures that suitable quantities of sulfur are being made available to the foreign trade sector in conformity with previously submitted orders.

In light of the clarifications given above it follows that SIARKOPOL is doing a good job this year of meeting its plan targets, and the credit for this goes to the many thousands of workers employed by this enterprise who have displayed great dedication in helping to resolve management problems.

I am counting on the editors of the ZYCIE GOSPODARCZE to print a correction to the article run in issue No 9 or to publish a separate report on this matter in the next issue.

Eng Jan Klimek,
Director of SIARKOPOL [signed]

In reference to the article entitled "The Economy in February," which appeared in issue No 9 of ZYCIE GOSPODARCZE for 21 March, and also with reference to the explanations offered by the SIARKOPOL enterprise of Tarnobrzeg on 25 March the CIECH foreign trade agency would like to offer some information on how sulfur export sales have been going over the past 2 years and during the first quarter of this year.

We are shedding some more light on the problems involved in sulfur export sales by way of reply to the statement made by SIARKOPOL to the effect that the way exports sales of this raw material have been organized in the past "does not protect the vital interests of the industry."

The other information provided by SIARKOPOL concerning the level of sulfur stocks in Gdansk and in foreign terminals attributable to the failure on the part of CIECH to issue shipping orders in due time is simply untruthful and unfair to the exporter.

Over the past 8 years there has never been a single instance in which any load of sulfur placed into foreign trade channels has not been exported. The prices obtained by CIECH for sulfur have always matched the going price on the world market and in many cases they have even exceeded this price by a considerable margin. Since 1970 we have seen how the price of sulfur has increased several times over, and the average price paid for sulfur in payments to zone II [capitalist countries] now exceeds 120 dollars per ton FOB Gdansk. As far as export sales to payments Zone II are concerned, CIECH has pursued a policy according to which sulfur is sold under the terms of long-term contracts that are entered into directly with consumers, and this guarantees in advance that all of the goods placed at the disposal of the exporting agency will be picked up and hauled away at regular intervals and to a large degree makes the exporter dependent on business cycle fluctuations.

Likewise, it is absolutely guaranteed during 1982 that, by virtue of contract provisions, 2 million tons of sulfur will be sold to payments zone II, just as it is also certain that all commitments spelled out in 1982 trade protocols for export sales of sulfur to CEMA will be met.

So, it cannot be said that no provisions have been made to protect the interests of the producer. It is true that export sales during the first quarter have not been going smoothly. But this is not due to commercial problems beyond her control. The breakdown of communications and transportation services between buyers and sellers and the sporadic operation of port facilities during January 1982 meant that only 64,000 tons of sulfur were shipped out during January to payments zone II, but in February sulfur exports amounted to 166,000 tons, whereas in March they will go up to 221,000 tons. So, all in all, during the first 3 months of this year more than 450,000 tons of sulfur have been exported to the capitalist countries. This accounts for 22.5 percent of the annual plan target for projected sulfur sales to payments zone II.

Deliveries to the socialist countries during the same period totaled 519,000 tons, i.e., 28 percent of the annual plan target.

By way of comparison with the same period last year let us note that the volume of sulfur export sales to payments zone II for the first 3 months of 1981 amounted to 22.7 percent of the annual plan target, and the kinds of difficulties that we ran into during the first part of the first quarter of this year did not exist at that time.

And as far as the level of sulfur stocks in Gdansk and foreign terminals is concerned, here is how things stand.

The current level of sulfur stocks in the port amount to approximately 135,000 tons, and of this amount approximately 45,000 tons are ready for immediate onloading. The rest is in the process of being solidified (the bulk of the sulfur delivered to the port is in a gaseous state). Given the fact that the average monthly volume of sulfur that can be unloaded comes to around 170,000 tons, this stock level, which is in effect sufficient to load two or three sulfur-carrying ships, has dropped to an alarmingly low point. At the Runcorn terminal in England the current sulfur stock level comes to

approximately 30,000 tons, whereas in Rotterdam the stock level is around 13,000 tons. Taking into account the technical unreliability of our tankers that deliver sulfur to these terminals and the frequent unexpected breakdowns that put them out of commission for indefinite periods of time, something which was a common occurrence over the past 2 years, it is essential that stocks should be maintained at these levels in order to insure that deliveries are made to consumers on a regular basis. Erratic deliveries last year meant that sulfur stocks in terminal warehouses were often completely depleted, and this in turn led to concern and protests on the part of our consumers who are demanding guaranteed regular deliveries.

In conclusion, it should be said that sulfur production is proceeding normally this year, and sulfur exports are keeping pace with production, with the exception of January and the first half of February, but, taking into account the things that happened during this period, the producer has no grounds for criticizing the performance of the foreign trade sector, even if it is trying to win the right to take over the sulfur export business.

Zygmunt Stefanski,
Director general of CIECH

The article which touched off this lengthy correspondence did not contain a single word that could be interpreted as rating the performance record of the sulfur industry. The article was nothing more than an analysis of statistical data compiled by GUS [Main Office of Statistics.]

We do not feel that we are qualified to make any judgements as to who should be responsible for running the sulfur business, either the producer or a specialized central agency. We hope that more authoritative officials will be able not only to settle this controversy, but also to convince all parties concerned that the final settlement is a fair one.

11813
CSO: 2600/561

WEST GERMAN COMMENT ON GLIGOROV ARTICLE ON ECONOMY

Munich SUEDEDEUTSCHE ZEITUNG in German 11 May 82 p 3

[Article by Heiko Flottau: "Waiting for Tourists—and a Miracle"]

[Text] Belgrade, 10 May—2 years almost to the day after Tito's death, the Belgrade daily POLITIKA recently presented the Yugoslav public with a political delicacy. In a lengthy but brilliant article, Kiro Gligorov informed his readers how, in his view, the Yugoslav economy could be put back on its feet: by increasing productivity through more work; by closing down unprofitable enterprises; by orienting quality to the world market and by free pricing of products. These were some of Gligorov's ideas. The key to the solution of all problems, he said, would be to do away with the deeply rooted "self-satisfaction" prevalent in Yugoslavia.

These theses constituted Kiro Gligorov's commentary on a document prepared by a commission headed by the present Yugoslav head of state, the Slovene Sergej Krajger, which is to initiate the "third Yugoslav economic reform" (following upon the introduction of self-administration in the fifties and the turn toward a market-oriented economy in 1965). The fact that Kiro Gligorov of all people has made waves several times since Tito's death is not without a certain piquancy. Among insiders, he is considered one of the foremost brains in Yugoslav politics. Until the last party congress in 1978, he belonged to the top leadership of the LCY. But then he was demoted to the second rank, very likely with the help of Tito. Apparently, his theories had even then incensed the Yugoslav dictator. Now that Tito has been dead for 2 years and the new government is taking over on 15 May and that the 12th party congress is soon to take place and the Yugoslav economy is in ever greater disarray, Gligorov is taking advantage of the political interregnum and the power vacuum to attract new attention for his ideas.

1982 appears to be the decisive year for Yugoslavia's economic development in any event. Until December, the country must make debt and interest payments to various Western creditors amounting to \$ 5 billion. The recurring rumors according to which Yugoslavia will ask its creditors to reschedule the debts are indicative of the difficulties she faces. This year, Belgrade had planned to increase its imports to the West by 12 percent while substantially lowering its inflation rate which most recently stood at 55 percent. First quarter economic statistics, however, show that only "a miracle," as one diplomat has put it, will permit Yugoslavia even to approximate these targets. Just how deep the crisis is can also be seen by the following data:

"official" unemployment stands at 15 percent but unemployment "inside the factory gates"—the proportion of those who are employed but not really needed and whose services are accepted only for social reasons—is about 25 percent. This is but one of the reasons why at least half of all Yugoslav enterprises are losing money. Republics and provinces seal themselves off one against the other and have most recently taken to trading with one another only against hard currencies. In the grain-rich Vojvodina, for instance, thought is being given to selling food for the tourists to Croatia only against payment in foreign exchange. If they were to export these foodstuffs, so the argument runs in the provincial capital of Novi Sad, they would take in the foreign exchange badly needed to pay for the modernization of agriculture. A "unified," national market has not existed in Yugoslavia for some time. A goal envisaged, for that matter, is a "common market" of the six republics and two provinces—with a sidewise glance at the example of EEC.

The vaunted dynamism of self-administration socialism is a thing of the past and the market has gotten weak. In 1965, at the start of the second Yugoslav economic reform, the country could still claim a 0.5 percent share of world trade. Now, in 1982, with another economic reform about to take effect that share has dropped to 0.4 percent. Because of the tight import restrictions, many factories are working at only 50 percent capacity; productivity is down and prices are rising and that goes for goods that cannot even be purchased. When Belgrade television was forced to inform its viewers that the price of margarine would climb by 23 percent, it hardly bothered anyone. Most supermarkets don't have any margarine anyway. Coffee, which has been in short supply for years, cannot even be had under the counter for an extra charge as it used to be.

Futile Emancipation ?

As in every year, tourism, it is hoped, will afford a way out of the miserable situation—above all as regards the shortage of foreign exchange. But Yugoslavia will not be in a position to offer the accustomed service to its visitors. For months now, no foreign newspapers have been available for example and it seems very likely that the tourists this summer will have to do without the papers from home. The fact that the Yugoslavs still owe German publishers some DM 7 million for last year's deliveries of weekday and Sunday newspapers constitutes only one of the obstacles. The foreign exchange earned through newspaper sales was not set aside by the Yugoslavs for the renewed importation of printed matter but spent for other purposes. One diplomat called the amount Yugoslavia would have to spend on importing daily newspapers "ridiculously low"—net sales of German newspapers in Yugoslavia for all of 1981 totaling only slightly more than DM 1.24 million.

Meantime, the economic question has turned into a political one. Many a functionary is quite pleased by the fact that critical comments from abroad are no longer readily available and there are a few who would want to draw

a distinction between the importation of "commercial" and "political" press materials. That is why diplomats are already thinking of bringing the issue up at the next CSCE followup conference.

The newspaper dilemma is only a symptom for the deep economic and political crisis of the system in Yugoslavia. Foreign businessmen are complaining that the willingness to pay of some of their Yugoslav partners has declined drastically. The German steel industry has already changed over to the practice of including Yugoslav orders in their production schedules only if a bank guarantee was submitted beforehand. Such indices lead some observers to conclude that the Yugoslav attempt at economic emancipation from the East Bloc has failed for the time being. The fact is that Yugoslavia with its foreign debt amounting to some \$ 18 billion, its low productivity and its lack of competitiveness does display many of the characteristics of the socialist state economies.

In their search for the causes of the miserable situation, domestic Yugoslav critics led by Kiro Gligorov are pointing out that there never was a true socialist market economy in Yugoslavia because self-administration and the market forces were never permitted to unfold freely. To be sure, substantial remnants of orthodox communist ideology have often hindered rather than enhanced self-administration and the market economy. The Communist Party claims the leading role in society for itself and in practice this means that it is not so much professional ability which decides who gets the top jobs but above all communist convictions or at least a semblance thereof.

In addition, the republics and communities gave support to enterprises that were running deficits for years, thereby removing them from the competitive market for all intents and purposes. The critics also point to dirigistic elements, to state pricing policies, subsidies and the egotism of the constituent republics—if Montenegro has an aluminum plant, Croatia must have one, too. All these factors, they say, have distorted the socialist market economy by stages past recognition.

Since ideological patronage and economic protectionism have falsified the Yugoslav economic model for decades, some are now thinking that a radical cure is called for. Kiro Gligorov, for example, believes it is better to get rid of workers in factories operating at a loss and to have the state feed them than "to subsidize factories in the name of the socialism which keep on piling up deficits."

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CSO: 2300/274

YUGOSLAVIA

ELECTRIC POWER SITUATION IN CROATIA, OTHER REPUBLICS

Zagreb VJESNIK in Serbo-Croatian Apr 82 SEDAM DANA supplement pp 1, 6

[Article by Salih Zvizdic: "Electrical Energy: Plans Under Stress" ["High-Tension Plans?"]]

[Text] March of 1982 will be entered into the annals of the electrical energy crisis in Croatia as "dark" [month], a month not only of enforced blackouts in the streets and squares but also for a period when entire regions of our republic, [whole] towns and cities were without electricity. And, what is more, [this] dark March hindered industry, and this at a time of efforts towards stabilization.

That March has passed and with it, it would seem, at least for the time being, the worst is over. The sun has emerged, people are heating less, and the days are longer so that less electricity is being consumed for lighting. Nevertheless, reductions are still in force, and dispatchers of electrical energy are apprehensively watching the sky and reading reports on reserves of crude oil for thermoelectric power plants.

What about tomorrow? How is Croatia preparing to deal more permanently with the electrical energy crisis? What is the electrical energy status of Croatia within Yugoslavia: how much potential hydroelectric power do we have, how much coal and crude oil?

These and similar questions formed the subject of our discussion with the director-in-chief of the Association of Electric Power Supply Organizations of Croatia, dipl. eng. Rade Pavlovic.

"Last year in Croatia the average per-capita consumption of electrical energy was 2,838 kilowatt hours, and the per-capita consumption is planned at 7,500 kilowatt hours. Now contrast the following: the amount which we will be consuming in 1997 was already being consumed by the Norwegians in 1957, the Americans and Swedes in 1969, and the Finns in 1977, and will be consumed by the West Germans in 1983 and the Austrians in 1986. This illustrates how low our consumption of electrical energy really is. Not only in Croatia but in Yugoslavia as a whole. Of all European countries, Western and Eastern, only Portugal, Greece and Turkey have a lower per-capita consumption," Rade Pavlovic tells us.

But wait, let us see what kind of electrical energy generating plants Croatia has at present.

The total power generated by all electrical power plants in Croatia amounts to 2,938 megawatts, 14 hydroelectric power plants producing 43.6 percent of this amount; 8 thermoelectric power plants (4 using crude oil, 2 natural gas, 2 coal--1 of these not being in operation because it has no coal) providing 32.5 percent and the Krsko nuclear power plant which belongs to Croatia, supplying 9.2 percent. The remainder of this amount (14.7 percent) is generated by power plants constructed with Croatian funding in Bosnia and Hercegovina, (Tuzla and Kakanj) and in Serbia (Obrenovac).

"If there were sufficient crude oil, Croatia would for the time being have practically no need to introduce measures for the reduction of power consumption in cases where the water level is falling perceptibly in reservoirs. From a general viewpoint, within a Yugoslav framework, Croatia is not doing badly as concerns number of power plants already constructed, but the trouble is that nearly a third of them are fueled by oil. In any case, this year we will have a generating capacity of about 3,600 megawatts, out of a total of somewhat more than 14,000 for all of Yugoslavia," Pavlovic asserts.

Seeking a Way Out of the Dark

Our consumption of electricity is rising very rapidly. Our country's consumption has doubled every 7 years until the mid-1960's, since which time it has been doubling every 10 years. In no other branch of the economy is so much importance attached to properly timed planning and construction of electrical energy projects [avoid the redundancy] as [there is] in the electric power industry, since energy forms is the basis of all other industry.

Unfortunately, there were earlier mistakes in the planning of power plant construction in Yugoslavia, so that construction has always lagged behind consumption. This is particularly true of Croatia. While oil was cheap there was a push for construction of thermoelectric power plants at the expense of other types of energy production.

This Year and Next--Four Electric Power Plants

This year two power plants will begin operation, producing electricity for Croatia's needs.

On the [river] Drava near Cakovec the [hydroelectric power plant] Cakovec with a generating capacity of 87 megawatts, will begin operation, one generator in mid-May and the other 2 months later.

The thermoelectric power plant (TE) Gacko (Bosnia and Hercegovina), with 300 megawatts, will be set into operation at the end of this year, and since Croatia has provided a third of the funding for the construction of this project, it will receive from it 100 megawatts of electric power.

In 1983 generation of electricity should begin in two TE's [thermoelectric power plants] in Croatia.

The Obrovac reversible hydroelectric power plant, with 276 MW (fed by waters from Lika) is scheduled to begin operation in late 1983, and the Osijek (TE-HP) (thermoelectric and heating plant), which will generate 45 MW from burning crude oil, [is] also [scheduled to begin operating] in late 1983.

Last year Croatia consumed [11.9 billion?] kilowatt hours of electrical energy (approximately one-fifth of total consumption for Yugoslavia). For 1985 consumption is planned at 15 billion [kilowatt hours] and for 1990, 19 billion kilowatt hours of electrical energy. In other words, consumption will increase 21 percent by 1985 and 38 percent by 1990.

Assuming that an oil-burning plant takes as a rule 3 years, a hydroelectric plant up to 5 years, and a nuclear power plant up to 8 years to build, then it is really high time already to begin intensive preparations for the construction of new plants, especially "continuing" power plants (these being plants whose construction is begun during one 5-year social plan and completed in the next). By 1990, if we wish to satisfy planned consumption, we should construct about 1,350 megawatts of generating power in the form of new electrical power plants. This is an imposing figure which requires great financial efforts of our society.

Ten New Projects

A "continuing" power plant whose construction is scheduled to begin next year in our republic is the Plomin 2 coal-burning thermoelectric power plant, with a power of 200 megawatts. Preparations are underway and it is planned that the plant will be set into operation in early 1986. Electrical energy producing organizations of Croatia have already invested considerable sums in opening a new dig at the Rasa mine, which is to produce 500,000 tons a year of the high-quality coal that would be consumed in Plomin 2.

Work has begun, or is planned, on projects for the construction of 10 more hydroelectric plants in Croatia.

HE Dale, with 33 megawatts, will be built on the [river] Cetina downstream from Sinj, and is scheduled to begin operation in 1987.

Downstream from Cakovec, on the [river] Drava, will be built HE Dubrava, 81 MW, which is to begin operation in 1988.

The other hydroelectric plants, whose deadline for completion has not yet been established precisely, include:

HE Brodarci, 97 MW, on the [river] Kupa near Ozelj.

HE Manojlovac 2, with 108 MW, on the [river] Krka near Drnis.

HE Kicic, 28 MW, on the Krka near Knin.

The possibility of constructing the following power plants is being considered:

HE Senj 2, up to 150 MW, on the waters of the river basins of Lika and Gacko;
PHE [? gas-hydroelectric plant], 125 MW, on waters of reservoirs from the area of Gorski Kotar;

A supplementary storage reservoir will be built on the Caprazlija near Livno, which would increase yearly production from the existing storage reservoir of [kWh?] HE Orlovac by 135 million kilowatt hours;

There are discussions of the construction of a thermoelectric and heating plant in Borovo (50 MW) in collaboration with the Borovo integrated plant. This thermoelectric plant (operating on coal from Bosnia and Hercegovina) would supply the Borovo plant with steam and Croatia with electricity.

"The construction of all these electrical power plants would satisfy Croatia's needs through the end of 1988," Rade Pavlovic tells us.

Croatia Without Coal

In comparison with the other republics and provinces, Croatia's potential energy resources are very poor. Of the total Yugoslav resources, Croatia, has one-fifth of the country's population and makes up 27 percent of its social production, but it has only 7.6 percent of total Yugoslav energy sources, not counting uranium. If one includes uranium (of which there is none in Croatia) then this figure is still lower, bring only 3.4 percent.

Apart from [the] Rasa [mine], Croatia has almost no quantity of coal worth mining. Some 15 years ago in Croatia there was a rush to close down the smaller mines, of which there were several in the Croatian Zagorje and in Podravina. That this was a rash action is shown by the fact that some of these mines are being reexamined as producers of coal, at least for the needs of the local population if not for other purposes. The most recent results of testing for coal in the Calmatian Zagora (near Siverica) show that local coal could serve as the basis for building a thermoelectric power plant to meet the needs of Jugovinil of Split and several other work organizations.

Preliminary estimates have been made which suggest that by 1986 Croatia will probably begin to help build thermoelectric power plants in the autonomous province of Kosovo, which would burn coal and generate 200-300 MW. (It is an interesting fact that Serbia including Kosovo has a total of 80 percent of Yugoslavia's coal.)

Among thermoelectric power plants which Croatia is to build is a nuclear power plant in Prevlaca near Dugo Selo (not far from Zagreb). Construction [costs] will be shared 50-50 with Slovenia according to the already existing formula for construction of HE Krsko. Construction in Prevlaca will, judging from already firm plans, begin in 1985 and be completed by 1991.

Too Little Water Power

Croatia's reserve potential for hydroelectric power is not in any better shape. In other words, our republic is in this respect the worst off in all of Yugoslavia. It has available a total of 4.5 billion kilowatt hours [worth] of unused potential hydroelectric energy, but the quality of this potential energy is not very high.

"Not counting the Varazdin and Cakovec hydroelectric power plants the Drava [river plants] are responsible for about 1.4 billion of these 4.5 billion kilowatt hours. Cetina and Krk and to a lesser extent Gacko and Lika have about 600 million [kWh]. This is a total of 2 billion. The remainder is low-quality potential hydroelectric energy," Pavlovic tells us.

Of the larger rivers in Croatia the Sava and Kupa are considered to be unutilized, but according to Pavlovic, it would be very expensive to build hydroelectric power plants on these rivers, as much because of the slow current of the rivers (especially the Sava) as because of specific problems and the expense of building a dam and other structures on such rivers. For example, building one megawatt worth of generating power in the form of hydroelectric power plants on the Drava costs about 150 billion dinars, while this same megawatt in thermoelectric power plants operating on coal costs between 20 billion and 30 billion dinars. If low-quality hydroelectric energy must be used for the construction of hydroelectric power plants then the costs will be several times as high.

Illustrative of the potential for hydroelectric power in other republics is the fact that on the Drina alone there is still unutilized high-quality potential for hydroelectric power production of about 12 billion kilowatt hours, which is more than present yearly consumption in all of Croatia.

In addition to the already existing HE Varazdin and HE Cakovec, which are nearing completion, five more hydroelectric power plants [are to] be constructed by 1999. The first of these is HE Dubrave, and after this our country will join with Hungary to build four [others], Durdevac, Barc, Moslavina and Valpovo. Except for Durdevac, with a [generating] capacity of over 100 megawatts, all the others are below this threshold.

"Pocket" and Private Hydroelectric Power Plants

We have adopted a program of constructing so-called "pocket" hydroelectric plants, which were earlier looked upon with skepticism while we still depend on crude oil. Thus around 100 smaller hydroelectric power plants having a [generating] power of up to 1 megawatt, will be built on small rivers with strong currents. Examples of this are Cikola 1 and Cikola 2 (near Drnisa), Ricice near Imotski, and a number of plants on the Korana, Mrznica, Kupa, Dobra, Sutli and other rivers.

Asked what he had to say about the construction of "household" hydroelectric power plants, which would be built by private individuals who would be allowed to sell any excess current to society, as is done to a great extent in Slovenia, Rade Pavlovic answered that the Association of Electric Power Supply Organizations of Croatia welcomed every such initiative.

"We would be happy by giving free expert advice and issuing necessary permits to support every such initiative for the building of private hydroelectric power plants in our republic. As concerns buying power we are prepared to buy from anyone who offers it. By the way, there are work organizations in our republic which could manufacture the necessary machinery for these small power plants. You have already mentioned Slovenia and the "wide-spread construction" of such

hydroelectric plants in this republic. I think that it is hardly worth discussing any widespread construction in Slovenia, this is simply rumor, for when our people went to see they found only one such hydroelectric power plant. It is another matter that in Slovenia, as elsewhere, there is much interest in supporting the construction of such hydroelectric power plants," Pavlovic states.

It is interesting, as Pavlovic emphasizes, that neighboring countries are also in short supply of electricity and that it is practically impossible to import large quantities of electricity from any country other than Albania, which because of its low consumption can still export electricity. Of course this only aggravates the energy crisis, not only Croatia but throughout the whole country.

The 1981-1985 plan anticipated that 47 billion dinars would be spent in Croatia for the construction of electric power generating plants and requisite transforming stations and low-and-high-voltage lines, a sum provided for this purpose by associated labor and electrical power supply organizations. However, in view of stabilization measures this sum has been decreased to 44.5 billion, which was a great surprise, since we have to do with projects whose construction cannot tolerate postponement, delays in which are paid for 10 times over.

The Electrical Energy Situation in Yugoslavia

| Area | Generating Power of Electric Power Plants in mWh | | | Production of Elec- trical Energy in Billion kWh | | | Per-capita Consumption in kWh | | | |
|-------------------------------|--|------|------|--|------|-------|-------------------------------------|------|------|------|
| | Year | 1960 | 1970 | 1980 | 1960 | 1970 | 1980 | 1960 | 1970 | 1980 |
| Bosnia and Hercegovina | | 449 | 1038 | 2356 | 1837 | 5619 | 11177 | 350 | 711 | 1670 |
| Montenegro | | 89 | 218 | 680 | 142 | 998 | 2241 | 245 | 981 | 3890 |
| Croatia | | 470 | 1609 | 2922 | 1671 | 4621 | 9208 | 467 | 1134 | 2450 |
| Macedonia | | 143 | 341 | 753 | 423 | 1221 | 1957 | 264 | 1138 | 2210 |
| Slovenia | | 614 | 996 | 1866 | 2655 | 4869 | 7986 | 1229 | 2617 | 4290 |
| Serbia (without provinces) | | 621 | 2138 | 4449 | 2010 | 6696 | 23118 | 297 | 882 | 2120 |
| Kosovo | | 39 | 478 | 860 | 114 | 1769 | 3568 | 111 | 611 | 830 |
| Vojvodina | | 42 | 63 | 183 | 86 | 230 | 461 | 168 | 1035 | 2640 |
| Yugoslavia | | 2468 | 6881 | 14069 | 8928 | 26023 | 59716 | 398 | 1073 | 2290 |

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